



S&FP Program Promotes Alternative Fuels to Cut Need for Foreign Oil

The Energy Policy Act of 1992 (EPAct) requires fleets operated by state governments and alternative fuel providers to acquire alternative fuel vehicles (AFVs). The requirements of sections 501 and 507 were designed to promote the use of nonpetroleum fuels, such as ethanol, methanol, natural gas, propane, hydrogen, and electricity, to reduce U.S. dependence on foreign oil. The regulations focused on building an inventory of vehicles that can use alternative fuels in large light-duty vehicle (LDV) fleets in large metropolitan areas.

After EPAct was enacted, the U.S. Department of Energy (DOE) began a formal rulemaking process with public input to establish the implementing regulations. The resulting State & Alternative Fuel Provider (S&FP) Program requires state and alternative fuel provider fleets to include a percentage of AFVs in their acquisitions of new LDVs, starting with model year (MY) 1997 vehicles.

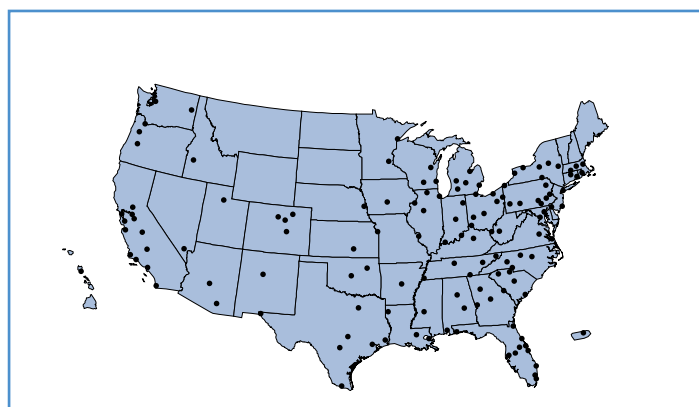
Between the program's launch in 1997 and MY 2001, state and alternative fuel provider fleets have collectively purchased more than 60,000 AFVs. These vehicles have begun to form a critical mass of fuel demand, allowing fleets and private businesses to start to justify the development of a fueling infrastructure. In response to this new market, automobile manufacturers are producing more than 30 AFV models, which fleets and individuals outside the S&FP Program are purchasing.

Who Is Covered?

EPAct requirements for the S&FP Program apply to fleets operated by state government agencies and businesses whose principal activity is based on alternative fuels. Compliance is required by fleets that operate, lease, or control 50 or more LDVs within the United States. Of those 50 vehicles, at least 20 must be used primarily within a single Metropolitan Statistical Area (MSA) or Consolidated Metropolitan Statistical Area (CMSA). Those same

20 vehicles must also be centrally fueled or capable of being centrally fueled, meaning they can be fueled at least 75% of the time at a location that is owned, operated, or controlled by the fleet or under contract with the fleet for fueling purposes.

MSAs/CMSAs Covered by EPAct*



* MSA/CMSA coverage based on 1980 census data.

You can obtain a more detailed definition of "alternative fuel provider" or a list of covered areas at www.ott.doe.gov/epact/state_fleets.html or by calling the National Alternative Fuels Hotline at (800) 423-1363.

Acquisition Requirements

When DOE initiated the S&FP Program, a "phase-in" schedule was established to allow fleets to comply gradually. The table on the next page shows how the acquisition requirements apply to covered fleets for MY 1997-2001 and beyond. As of MY 2001, the acquisition requirements were fully phased in. As a result, the percentage of new LDVs that must now be AFVs is 75% for state fleets and 90% for alternative fuel providers.

If a state or alternative fuel provider fleet became eligible for EPAct regulation following its implementation in 1997, the fleet must comply with the acquisition requirements for the year in which it became covered. It is important for fleets to notify

DOE of their covered status immediately. DOE will work with fleets in these situations to help them understand the EPA requirements.

In some cases, DOE may grant an exemption from the AFV acquisition requirements if fuels or vehicles are not available. For more information on exemptions, see DOE's exemption guidance document at www.ott.doe.gov/epact/pdfs/exemption_guide.pdf.

Percentage of Light-Duty Acquisitions Required to Be AFVs

Model Year	State Fleets	Alternative Fuel Providers
1997	10%	30%
1998	15%	50%
1999	25%	70%
2000	50%	90%
2001 and beyond	75%	90%

Fuel Use Requirements

Under EPCA, covered alternative fuel providers should always use alternative fuels in their AFVs. The only exception is when they are operating in an area where the alternative fuel is not accessible. Therefore, it is extremely important for fleets to understand which alternative fuels are available in their operating areas. For a list of alternative fuels in your location, visit the Alternative Fuels Data Center's Refueling Stations Web page at www.afdc.nrel.gov/refueling.html.

Credits

Fleets must report their AFV acquisitions to DOE annually. Every alternative fuel LDV purchased earns the covered fleet one credit that counts toward one AFV requirement. Each credit a fleet reports is automatically applied to its requirements for the year. Once the fleet's light-duty AFV purchase requirements are fulfilled, credits may be earned for medium- or heavy-duty AFV acquisitions. If a fleet earns more credits than are required in one year, the credits can be banked for use in future years or sold to other covered fleets participating in the S&FP Program.

Fleets that use fuel blends containing at least 20% biodiesel in medium- and heavy-duty vehicles earn one credit for every 450 gallons of pure biodiesel (B100) that is used. Covered fleets, other than biodiesel providers, can satisfy as much as 50% of

their annual purchase requirements by using biodiesel fuel. Biodiesel fuel providers can satisfy as much as 100% of their annual purchase obligations with biodiesel credits. Unlike the credits earned for AFV acquisitions, biodiesel fuel use credits must be used in the year they are earned and cannot be banked or sold.

For More Information

S&FP Program Web site
www.ott.doe.gov/epact/state_fleets.html

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What Is EPCA?

The Energy Policy Act of 1992, or EPCA, was passed by Congress to reduce the nation's dependence on imported petroleum. Provisions of EPCA require certain fleets to purchase alternative fuel vehicles. DOE administers the regulations through its State & Fuel Provider Program, Federal Fleet Program, Private & Local Government Program, and Fuel Petition Program. EPCA also includes voluntary programs, such as Clean Cities, which help accelerate the use of alternative fuels in transportation.

For more information, visit www.ott.doe.gov/epact/, or call the Regulatory Information Line at (202) 586-9171.

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